



**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11

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## REPORT OF INDEPENDENT ACCOUNTANTS

Tri-Township Joint Fire District  
Delaware County  
495 Sunbury Road  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of the Tri-Township Joint Fire District, Delaware County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Tri-Township Joint Fire District, Delaware County, Ohio as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

June 21, 2000



**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$290,803	\$74,686	\$365,489
Intergovernmental	12,362	3,173	15,535
Earnings on Investments	14,471	0	14,471
Miscellaneous	8,210	0	8,210
	<u>325,846</u>	<u>77,859</u>	<u>403,705</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	181,378	0	181,378
General Government	70,606	1,361	71,967
Other	16,406	0	16,406
Capital Outlay	0	47,348	47,348
	<u>268,390</u>	<u>48,709</u>	<u>317,099</u>
<b>Total Disbursements</b>			
Total Receipts Over/(Under) Disbursements	57,456	29,150	86,606
Fund Cash Balances, January 1	<u>161,557</u>	<u>146,129</u>	<u>307,686</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$219,013</b></u>	<u><b>\$175,279</b></u>	<u><b>\$394,292</b></u>

The notes to the financial statements are an integral part of this statement.

**TRI-TOWNSHIP FIRE DISTRICT  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals</b>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$273,234	\$70,171	\$343,405
Intergovernmental	23,816	6,113	29,929
Earnings on Investments	17,606	0	17,606
Miscellaneous	7,707	0	7,707
	<u>322,363</u>	<u>76,284</u>	<u>398,647</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	181,587	0	181,587
General Government	81,191	3,858	85,049
Other	14,438	0	14,438
Capital Outlay	0	48,768	48,768
	<u>277,216</u>	<u>52,626</u>	<u>329,842</u>
<b>Total Disbursements</b>			
Total Receipts Over/(Under) Disbursements	45,147	23,658	68,805
Fund Cash Balances, January 1	<u>116,410</u>	<u>122,471</u>	<u>238,881</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$161,557</b></u>	<u><b>\$146,129</b></u>	<u><b>\$307,686</b></u>

The notes to the financial statements are an integral part of this statement.

**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Tri-Township Joint Fire District, Delaware County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed three-member Board of Trustees. The District provides fire protection services for the residents of the Townships of Brown, Delaware, and Troy.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash/Investments**

The District's depository balances and certificates of deposit are held with the Delaware County Bank.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following types:

**General Fund**

The General fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Capital Projects**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The District classifies its fund as follows:

Fire Equipment Fund - This fund receives property tax money to purchase equipment.

**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>1999</u>		<u>1998</u>
Demand deposits	\$ (15,667)	\$	(4,859)
Certificates of deposit	<u>409,959</u>		<u>312,545</u>
Total deposits	\$ <u>394,292</u>	\$	<u>307,686</u>

**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. As of December 31, 1999 the District's deposits were not fully collateralized in violation of Ohio law.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 304,884	\$ 325,846	\$ 20,962
Capital Projects	78,286	77,859	(427)
Total	<u>\$ 383,170</u>	<u>\$ 403,705</u>	<u>\$ 20,535</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 408,527	\$ 268,390	\$ 140,137
Capital Projects	220,137	48,709	171,428
Total	<u>\$ 628,664</u>	<u>\$ 317,099</u>	<u>\$ 311,565</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 291,656	\$ 322,363	\$ 30,707
Capital Projects	73,614	76,284	2,670
Total	<u>\$ 365,270</u>	<u>\$ 398,647</u>	<u>\$ 33,377</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 387,412	\$ 277,216	\$ 110,196
Capital Projects	189,470	52,626	136,844
Total	<u>\$ 576,882</u>	<u>\$ 329,842</u>	<u>\$ 247,040</u>

**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**5. RETIREMENT SYSTEMS**

The District's full-time fire fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1988, members of PFDPF contributed 10% of their wages to the PFDPF. The District contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful Acts
- Inland Marine and EDP

The District also provides health and dental insurance to full-time employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Tri-Township Joint Fire District  
Delaware County  
495 Sunbury Road  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of Tri-Township Joint Fire District, Delaware County, Ohio (the District), as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated June 21, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 1999-003. We noted other immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 21, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-001 and 1999-002. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 21, 1999.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Tri-Township Joint Fire District  
Delaware County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the District's management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**JIM PETRO**  
Auditor of State

June 21, 2000

**TRI-TOWNSHIP JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>1999-001</b>	
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**CASH RECONCILIATIONS**

The District bank account was not reconciled to the cashbook after July 1998. Neglecting to perform monthly bank reconciliations may result in errors occurring which may be undetected for a significant period of time and thereby causing District accounting records to become out of balance with its depository. Not reconciling depository balances to the cashbook could result in the misappropriation of assets without detection by management and would prevent the District from calculating unreserved fund balances for the beginning of the budget cycle.

We recommend a cash reconciliation be performed on a monthly basis, thereby ensuring the District's accounting records are in balance with the depository.

<b>1999-002</b>	
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**FINANCIAL REPORTING**

Certificates of deposit were purchased directly by the District with endorsed tax checks. Some bank deposits were not input into District records. Various expenditures written in the cash journal did not match the actual check.

Purchasing certificates of deposit directly with endorsed tax checks and excluding receipts from District records understates tax and other revenue. Using erroneous financial information causes financial records to be unreconcilable and unreliable.

We recommend the District recognize all revenue and input receipts and disbursements into the accounting system at accurate amounts. This should ensure proper recording of all receipts and disbursements.

<b>1999-003</b>	
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**PLEGGED COLLATERAL**

Ohio Rev. Code section 135.18 requires that the treasurer of a political subdivision require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. At December 31, 1999, the District's total deposits less Federal Deposit Insurance was in excess of specific pledged collateral by \$97,814. Requiring specific pledged collateral over deposits protects the District in case of bank failure.

We recommend the District require specific pledged collateral to cover all deposits to insure the security of these deposits.





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**TRI-TOWNSHIP JOINT FIRE DISTRICT**

**DELAWARE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 1, 2000**